

Message Text

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ACTION EA-10

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-01

PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 /095 W

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R 160920Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5515

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AEMBASSY TOKYO 6315

AMEMBASSY WELLINGTON

ACONSUL HONG KONG 4809

USMISSION GENEVA

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E. O. 11652: NA

TAGS: EGEN, EFIN, ETRD, RP

SUBJECT: PHILIPPINE PESO FLOATS

1. IN JULY 16 TRADING AT FOREIGN EXCHANGE MARKET, INTERBANK PESO EXCHANGE RATE WITH DOLLAR FELL TO P7.1695 -- \$1.0, EQUIVALENT TO A DEPRECIATION OF 2 1/2 PERCENT OVER PREVIOUS DAY'S RATE, THE MAXIMUM DAILY DEPRECIATION ALLOWED UNDER CENTRAL BANK RULES.

2. DOLLAR SURPLUS BANKS HAVE BEEN RELUCTANT TO SELL DOLLARS SINCE CENTRAL BANK ANNOUNCED TRADE DEFICIT OF \$429 MILLION AND BALANCE OF PAYMENTS DEFICIT OF \$265

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MILLION FOR FIRST SIX MONTHS OF 1975. MARKET RESULTS

INDICATE CENTRAL BANK NOT PREPARED MEET DOLLAR
SHORTAGE AT PREVIOUSLY PREVAILING EXCHANGE RATE.

3. PHILIPPINE FIRST HALF BALANCE OF PAYMENTS
PERFORMANCE IS ABOUT WHAT HAD BEEN EXPECTED BY BANK
OFFICIALS AND FLOAT EXPECTED TO BE CONFINED TO FAIRLY NARROW
RANGE. HOWEVER, THEY MAY ALLOW SOME FURTHER DEPRECIATION,
DESPITE FLOAT'S INVITATION TO SPECULATION, TO PROVIDE
MARGINAL ENCOURAGEMENT FOR IMPROVING TRADE BALANCE.

4. EMBASSY WILL CONTINUE TO FOLLOW SUBJECT AND REPORT
DEVELOPMENTS.
PURNELL

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PESO, DEVALUATIONS, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA09753
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750245-0929
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750751/aaaabtw.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by ElyME>; APPROVED <03 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINE PESO FLOATS
TAGS: EGEN, EFIN, ETRD, RP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006